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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 4130
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6170
RUEHBJ/AMEMBASSY BEIJING 3853
RUEHKO/AMEMBASSY TOKYO 3712
RUEHIT/AMCONSUL ISTANBUL 4414
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEHNSC/NSC WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 4337

C O N F I D E N T I A L ASHGABAT 000123

SIPDIS

STATE FOR SCA/CEN; EEB;
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 01/25/2020

TAGS: [EPET](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)

SUBJECT: TURKMENISTAN: SOUTH YOLOTAN CONTRACTORS OFF TO
SLOW START

REF: A. ASHGABAT 17

[1](#)B. ASHGABAT 73

Classified By: Charge d'Affaires Sylvia Reed Curran, Reasons 1.4 (b) and (d).

[1](#)1. (C) On December 29, 2009, state-run Turkmengaz signed contracts with four foreign firms to develop the first phase of the reportedly massive South Yolotan gas field (Ref A). UAE-based Petrofac International (UAE) LLC reportedly signed a \$3.98 billion contract to build a gas processing plant and related infrastructure. In a recent conversation with MI Swaco's Turkmenistan Branch Director Samir Alibalaev (Ref B), he described his attempt to contact Petrofac to make a sales pitch for work as a sub-contractor on the project. Working through MI Swaco's office in Dubai, Alibalaev tried to set up a meeting at Petrofac's Dubai office to discuss the South Yolotan project. It turned out that no one at Petrofac's Dubai office was aware of the Turkmenistan project. Alibalaev later learned that Petrofac's contact person for the project was based in London. Despite repeated attempts, the London Petrofac contact has remained unreachable. Alibalaev thought it was unusual that Petrofac employees were not better informed about the Turkmenistan project and more accessible. He wondered about the nature and terms of the agreement between Turkmengaz and Petrofac, particularly whether the deal was as final as had been suggested in the public announcement.

[1](#)2. (C) South Korean companies LG International Corporation and Hyundai Engineering Co. Ltd also reportedly landed a \$1.48 billion contract to build a gas processing plant. According to local Marathon Oil representative Anjela Begjanova, the Korean expatriate who is on the ground to head up the project has not been allowed by the Turkmen to visit the project site at South Yolotan. Moreover, he has been issued a visa allowing him to stay for only one month at a time, requiring him to frequently depart for a new visa. (NOTE: According to Turkmen practice, prior to a foreign company's registration, its expatriate staff is only eligible

for visas valid for one month. Following registration, visas can have one year validity. END NOTE.) Without a long-term residence permit, the Korean project head has not been able to legally rent an apartment. Begjanova thought such treatment of the Korean, especially not being able to visit the site, was at odds with what one would expect for a partner in a high priority project.

13. (C) COMMENT: The development of the South Yolotan gas field is a government priority. Its production will be needed to fill existing and newly-constructed export pipelines. As such, one might expect the contractors on these massive projects to be moving ahead in a big way, with the support of the Turkmen government. Lacking details about the agreements, it could turn out that they were not as definitive as was suggested in the announcement. As is often the case in dealing with the Turkmen, for them, creating the appearance of progress can be more important than actual results. END COMMENT.
CURRAN